

13 JUN 1975

Mr. James Stromayer
Director, Allowances Staff
Department of State
Washington, D. C. 20520

Dear Mr. ^{Jim}Stromayer:

Your letter of 12 June 1975 requested my views on two papers from Warren Brecht on the question of taxation of overseas allowances. On 18 February 1975 we forwarded a memorandum to Mr. Thomas on this subject, and, for your convenience, I have attached a copy of that letter. We would strongly oppose a repeal of the benefits granted by Section 912 because we believe it would be inequitable insofar as the employees are concerned, it would not result in additional net revenue to the government and may in fact result in substantial additional costs, and the administrative effort necessary to support the proposed new policies would be completely disproportionate to the objectives being sought. We would be happy to discuss this in greater detail, if necessary.

It is my view that the Interagency Committee on Overseas Allowances is not the proper forum to examine pending legislation, and I would suggest that we place the question before the full committee. There are well established channels for the consideration and coordination of proposed legislation, and most agencies of government have Legislative Counsels who are primarily responsible for this function. I believe that the Department of the Treasury should use these designated channels in obtaining the views of the various agencies on this particular legislation.

Sincerely,

Signed: John F. Blake
John F. Blake
Deputy Director
for
Administration

Attachment

SSA-DDA

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